STATEMENT BY THE PRESIDENT.

Mr. Resident, Members of the Sri Chitra State Council and of the Sri Mulam Assembly,

Under the Rules, it is my privilege and my right to make a statement on the budget presented to the Joint Session of the two Houses of the Travancore Legislature; and I proceed to do so, not with the object of reiterating or merely emphasising what has fallen from my friend the Financial Secretary, but for supplementing his observations in certain particulars, such supplementing being, in my opinion, necessary for the purpose of removing misconceptions and the effects of some deliberate misrepresentations of Government policy.

Before I proceed with my task, let me, on my behalf and, I feel confident, on behalf of every one of you, congratulate the Financial Secretary on the lucidity, thoroughness and comprehensiveness of the speech to which we have just now listened with attention and, I trust, with profit. In this connection let me say something which may make him blush—if his complexion will permit him to blush (*laughter*). Mr. Rengaswami Aiyar, I am very glad to tell you, had an offer of Rs. 1,500 a month as Special Financial Officer of the Province of Orissa; and on account of my persuasion and the realisation of the possibilities of his work in Travancore, he has agreed to stay on, and on his present salary. I consider that self-sacrifice worthy of chronicling.

I shall now proceed with the task which has devolved upon me. As you will have observed from the speech of the Financial Secretary, we have arrived at a peak-point of our revenues; in other words, our income, under the revised estimates, of Rs 251 odd lakhs, is the highest which has been derived by the State at any time till now. You will also see that, as observed on page 32 of the speech, the Government of India have paid us the compliment of recognising our securities as on the same level with the British Government's securities in regard to the operations of the Imperial Bank. That is all to the good.

Incomes, revenues, surpluses, are all useful but only in so far as they serve certain primary ends. And, what are they?

So far as our State is concerned, it is absolutely clear that, like the greater part of India, our main pre-occupation and our main hope for the future lies in the rehabilitation of our agricultural population. Therefore the first point to be concentrated upon is the position of agricultural and its successful prosecution, the health, prosperity, education and the status of the peasantry. From that point of view, I wish to draw your attention to one or two things which have to be borne in mind in connection with the statements that I have been making in season and out of season that there should be an industrialisation of the country, especially in the direction of cottage industries, as a necessary

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concomitant of, as a necessary supplement to, our agricultural operation. May I, in this connection, refer you to page 10 of the very valuable brochure published by the Reserve Bank of India in regard to the Agricultural Credit Department which they are endeavouring to bring into operation? What do they say?

"In Japan, where 96 per cent. of the cultivators live on less than eight acres, more than one-third of the farming population keep themselves afloat by the rearing of silk-worms. In Italy and France, sericulture plays a similar if less important part, as also does the making of toys in Germany and Russia."

Coming to England, (It is difficult to institute a comparison of India which is one of the poorest countries of the world, with England, which is perhaps the richest country) it is said:—

> "But even so, in the richest part of England (the Isle of Axholme), it is considered that ten acres is the smallest area on which a man can support a family without any other industry to help him, and where there is no live-stock industry or market gardening, twenty acres are needed."

In other words, the experience of other countries, if it teaches us anything at all, teaches this, that a population solely depending upon agriculture and agricultural operations cannot be a prosperous or a self-sufficient community. Some subsidiary occupation, some supplemental industry is necessary in order to make for the happiness, nay, for bare subsistence on an ordinary level of the agriculturist. That is why when I have been talking of industries I have always been associating them with agriculture and speaking of them as a necessary part of our programme. Unless, side by side with our agriculture, certain subsidiary industries and occupations also come into existence, there is no hope for the future. For that, a re-orientation of our education is necessary; for that a new industrial policy is necessary; for that, also, more income is necessary from other sources so as to relieve the burden of the agricultural population.

Now I come to another aspect of the matter. The Government of His Highness have, under serious consideration, plans for the complete remodelling of the scheme of taxation in regard to land for the purpose of seeing to it that the persons least able to pay are made to pay the least, and that gradually, and that as in the case of other avocations and professions so also in the case of the agricultural community, those who are able to pay more will pay progressively more and more according to the incidence and amount of their income.

In addition to this aspect of the matter, it must also be borne in mind that very great attention has to be paid to new crops of a commercial character, soya beans, tobacco, sugar cane, cloves and so forth in addition to tea and rubber. I see on the platform by my side the expert sent out by the Central Council of Agricultural Research for the purpose of exploring the possibility of clove cultivation here Travancore is greatly suited for that and other profitable crops. I need hardly say that in the direction of increasing these secondary crops lies a great field for us.

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[President.]

This having been said about the profession of agriculture, I may add that the position of the agriculturist will never be such as to enable him to play his part in the economy of the State unless he is relieved from the tremendous load of debt which oppresses him. It is for that purpose that Conciliation Boards have been established; and we are looking anxiously forward to the success of the experiment; for in such success lies the promise of efficiency.

I now turn again to the question of incidence of taxation on land to which I referred a while ago. I may again say in passing that Government are fully alive to the fact that there are certain parts of the State which are very heavily taxed in comparison with certain others. There is no questioning the fact that portions of South Travancore pay proportionately and relatively much more than, (*hear, hear*) for instance, certain parts of Central and North Travancore, which bear comparatively a lighter tax, and there are cases where no tax is paid at all to the Government. Trespasses, encroachments, new plantations in unsurveyed localities, escape all burdens. These are matters which have to be enquired into; and in any research that the Government undertake, it will be their object to see to it that the burden of taxation is equalised as far as possible, and that nobody escapes taxation who can and ought to pay.

Coming to our industrial problem, it is not as a matter of egotism but merely as a matter of chronicling of facts that I point out that, when I assumed charge of this office in October, I found that the Rubber Factory was struggling for its existence, that the Sugar Factory had been a deadweight for many years, that the working of the distillery was from the point of view of the revenues of Government a positive scandal. On a capital investment of Rs 2 lakhs we were getting only Rs 200 a month apart from the excise duties. The Punalur Paper Mills were finding it very difficult to pull on. And then there was the State-Aided Bank; there it was; we know where it is. The Rubber Factory has been leased out to a private company in which Travancoreans were invited to take shares; only they took far less shares than was anticipated. The understanding with the company is that they pay us every year 4 per cent on our capital outlay. They pay also for depreciation of the buildings and also of the machinery.

With regard to the Sugar Factory, the new company are paying us, cash down, over Rs 5 lakhs. Government do not take a single share in the concern, and are not interested in it at all except in the right to get 20 per cent of their net profits subject to a maximum of Rs 40,000 which is the equivalent of another lump sum payment of Rs 8 lakhs. In other words, in addition to Rs 5 lakhs paid down in cash, we get a guaranteed annual income which only an investment of Rs 8 lakhs can be expected to yield.

In regard to the Punalur Paper Mills, I am glad to be able to inform you that very soon—it is only a question of weeks, not months—it will be a flourishing concern.

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That is one side of our industrial problem. I now come to another side. You have seen what has been stated by the Wedgwood Committee. Many of you must have read its report. It is clear therefrom that the period, when railway receipts were regarded as supplemental contributions to the finances of India is over. The Government of India cannot any longer expect railway receipts to play any part in the general financing of the country. In other words, unlike what happened in the past, hereafter we cannot expect a single pie from the railway revenues to come to the aid of the general revenues. You know what our position is. We have less than 100 miles of railway and we are facing a loss of Rs. 69,000. Next year it may be Rs 50,000, according to the optimistic forecast of my friend the Financial Secretary, and yet I have heard it seriously stated that all over the State a net work of railways should immediately be brought into existence for the purpose of earning revenue. I leave it there and would invite those persons who are responsible for this statement to read the Wedgwood Committee report over again.

I now come to the question of our Transport Scheme. Here again I think it is my duty in view to the speeches which have emanated from many persons including honourable Members of the Legislature on public platforms to make my position perfectly clear. It has been stated that there is some fundamental inconsistency in the policy of the Government in so far as the Government with one voice say that industrial concerns should be run by private agencies and at the same time the Government wish to take over this Transport Scheme. On the 24th of October 1936, that is 16 days after I took charge as Dewan, I made a speech on this matter, and I tried to make the point clear apparently I have been unsuccessful in my attempt. I tried to make it clear then, I once again would like to elucidate the point. I drew a distinction then and I draw a distinction now between primal necessities and needs and purely commercial industries. Take water supply. What happened in many countries in the early days in regard to water supply? In early days water was supplied by private companies on a commercial basis; but no Government now thinks of water supply schemes as other than a Government enterprise. Although the water supply schemes may be mismanaged by Government, although Municipalities may not handle these schemes properly, nevertheless nobody thinks of having a water supply scheme except as a part of municipal or State enterprise. Similarly in regard to the drainage scheme and power schemes. Where they tried private agencies in regard to power what did they find? They found that the whole thing was prejudicial to the ultimate interests of the people, was nationally wrong and people have come to the conclusion even in England, that land of private initiative, that they must have a state-controlled combine, the results of the working of which are before us to see. On that same plane I put transport in a country like this. In other words, I consider the system of transport as a fundamental

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[President.]

and supremely national need which must be in the hands of Government and in the hands of nobody else. Whether it is profitable or unprofitable, that duty is the Government's. But I shall endeavour presently to show that it is going to be profitable. I have told you that practically all the industries in the State, with the exception of the China-clay industry, are or will be handed over to private agencies. Why do I make an exception in the case of the China-clay industry? There the Government have nothing to do excepting to extract the clay, refine it and, as stated in the speech of the Financial Secretary today, we have before us offers to take the entire output of that clay at practically any rate that may be reasonable. We have such offers today from competing firms. It is not a matter of manufacturing work but it is merely a matter of refining the clay and having it ready for sale. That is why we propose to retain it in the hands of Government. It is one of the rightful monopolies of the State. Similarily it is possible that mining also may have been retained by the State. But that cannot be done because practically the whole mining possibilities of the State in certain directions—fortunately not in all—have been handed over to some agency or other. A number of agencies have taken control of many of our mining operations. In the early days it was considered the right policy and it will be a very bad Government indeed which tried to be confiscatory of rights legitimately acquired. But in that connection the Government have been insisting on the payment of 10 per cent of the net income in addition to royalty in respect of all new licenses that are sought to be brought into existence.

Now for transport. Let it be noted that the price of petrol here today is Bh. Re. 1-7-6 per gallon and the price of petrol in Madras today is Bh. Re. 1-1-6 The difference is 6 annas per gallon. You can make for yourselves the calculations about the railway charges in respect of each gallon from Madras or some other place to Travancore and draw your own conclusions as to what happens to the difference and where it goes. In other words we are paying 6 annas per gallon more in Trivandrum than the people in Madras and the whole of the bus service here runs on petrol. We hope that when the Diesel engines come into operation our fuel will cost a half or third of the cost of petrol and that if proper care is taken as to bulk contracts the profit will be even greater. Look at what that means to the State. But that apart, I am told that the following statements have been made and I wish to canvass them one by one. It is asserted that no profit is likely to be made and that the State is ruining itself. I am reminded of the outburst in connection with the Pykara Scheme. It was in 1924 that with the continuous and wonderful co-operation of Lord Willingdon and with a very efficient engineering service to which my friend Mr. Truscott then belonged, I initiated the Pykara Scheme. Two of my successors in the Madras Executive Council were opponents of that scheme. At that time it was said that I was plunging the Madras Presidency into chaos and that bankruptcy was the inevitable result of my policy in regard to the Pykara Scheme. You know now

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what the scheme has meant to Madras. The Mysore Scheme which was similarly started under tremendous handicaps by the Mysore Government and by that great statesman Sir Seshadri Aiyar is now paying 10 to 12 per cent per annum. All the power producible by the Pykara Scheme has already been sold at profitable rates. Similar will be the results of our Transport Scheme. Any one who opposes me should first study the figures which prove that from the very first year of the inception of the Hyderabad Scheme when everything was tentative and experimental, 8·56 per cent was paid and people who have travelled in Hyderabad know that our people are more travel-minded, being more educated. There was another statement that there is some nefarious project to throw the existing workmen out of employment. Workmen are not likely to pour down on us like rain out of the skies. We are going to utilise all the available resources in men and material and why should any body think there is any scheme for having outsiders brought in? Have we done so in regard to other enterprises? Have not the Government insisted that even the private companies should provide that Travancoreans should be employed in all positions when they are available? Then why should they think that in regard to this Transport Scheme the conductors, ticket collectors and all those people should be asked to starve in a body, should be driven out of employment? Nobody out of Bedlam dreams of driving these people out of employment. It may be, I may make it perfectly clear, that these men may be replaced by more educated men. The educated young men of to-day who scorn these vocations may tomorrow as a result of the University and our diploma courses or otherwise take to this occupation and then it may be that they will drive out some of these people. But at present I do not see any reason why the present men should be thrown on the streets.

Then it is said that there is contemplated some handing over of the business to a foreign firm or concern. But is that the policy which this Government have been pursuing? What is actually going to be done? I shall let you into the secret. It is admitted that the best bus service in the world and the best mechanically propelled vehicles in the world are available in the London bus system. We are getting a senior officer of the London Bus Service as our expert for one year to start with. It is a part of the scheme that he should train during that period somebody here, a Travancorean, so that he may take his place and run it afterwards. That is the only foreigner who is going to be thought of in connection with this scheme, namely a man who is to-day running the bus system in London in the country service department. He is coming here on contract for one year and one of the conditions is that he should train his understudies.

I next proceed to deal with the "rights" of those people who have been vociferous in Nagercoil and other localities. It was possible for me, it was possible for the Government of Travancore to have taken a very simple, expeditious and wholly legal course. If I had requested Mr. Pitchu Aiyangar, the Police Commissioner, not to renew the

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[President.]

licenses which are renewable every year, and which nobody has a right to have renewed, not a single one of these people could run his buses. He has only to decline the license and there is no appeal against it. There is no statutory or any other provision preventing such action. Government could have resorted to this course, but it is because Government thought that it was unfair to deal with these people in that clandestine, underhand, subterranean fashion, that Government announced their policy openly months ago. None of these people is entitled to anything more than a bare notice to quit. What is the conduct of these people? I am sorry to detain you at this length but having regard to the agitation which various vested interests for their own protection, have engineered, I think it is well that I should put some things beyond doubt. The scheme now relates only to transport from Trivandrum to Cape Comorin. The people north of Trivandrum have nothing to do with this matter, because until this experiment is worked for a year or two and is proved to be an absolute success so that the people in those places may themselves ask for the extension of the scheme, this scheme is not going to be extended to any place outside the region contemplated, that is from Trivandrum to Cape Comorin and perhaps from Trivandrum to Quilon. It may be that later on there might be an extension to Quilon but not an inch beyond Quilon, because the object of the Government is to see that this scheme works well, and prove that this scheme is profitable and beneficial in public interests. If this scheme satisfies the anticipations and the hopes of the originators of the scheme, then there will be and must be an extension which will depend on Pallivasal power. After that, I feel confident that the people themselves will ask for the extension of the scheme to every nook and corner of the State, but until that is done no further step will be taken. It may be asked why this scheme deals with the road from Trivandrum to Cape; the answer is obvious, because north of Trivandrum and especially north of Quilon this business is in the hands of many small owners who have put their capital and their enterprise into this bus traffic whereas from Trivandrum to the south it is practically a monopoly or rather a combine. I do not give names. One motor service had 57 buses in the year 1110. It was assessed to an income of Rs. 10,000 per year. The next year the income was nil (*Cry of 'shame'*). It is supposed to have worked at a loss. Another company had 19 buses and it was assessed in 1110 to an income of Rs. 6,000. Last year it was assessed to an income of Rs. 5,000. Another company has only 7 buses running south of Trivandrum. Another company has never paid any income tax though it was assessed. That is the position of the bus companies south of Trivandrum. And all of them are working under joint agreements. These companies are asking for compensation. They cannot have it both ways. They cannot for the sake of payment of tax say that they are losing or not making much profit and, for the sake of getting compensation assert that they are greatly profitable concerns. Let these companies pay the tax which they are bound to pay and then ask for compensation on that basis. Unless there is profit where is the compensation? He who seeks equity must, in the language of the law, do

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equity (*hear, hear*). I am sorry that this interruption should take place because this is not a matter of controversy but one of pure argument. The proprietor of the biggest concern came and saw me the day after the recent Nagercoil meeting and assured me that he had nothing to do with the Nagercoil meeting. I told him that I was not going to be influenced in favour of any one or against any one by reason of such meetings, because I have had sufficient experience of meetings. Apart from all that, I told him to forget all that had taken place as I had already forgotten it. I asked him to give me a memorandum about the loss he is likely to sustain and the compensation he is entitled to. In an absolutely unprejudiced manner, without any bias, I assured him that Government will look into the question of compensation. That is the stand which the Government will take. There is no legal obligation on the part of the Government to pay any compensation. Government are legally entitled to deprive them of their business by not giving them license for the following year. But Government do not want to stand upon laws and technical points. Government are prepared to concede compensation as a moral obligation. But the payment of compensation as a moral obligation involves a moral obligation on the other side also. Let those obligations be respected and acted upon reciprocally. If Government receive their dues and a proper case for compensation is made Government will consider it on the equitable footing though legally they have no obligation.

I may say in passing that those who have been studying the newspapers might have seen that the French Government are imposing a duty of 100 per cent upon those who have evaded payment of tax. We shall certainly not follow such extreme examples.

I wish to make one more remark on this subject. There was one point made by one of the speakers in a meeting *viz.*, that the new transport buses will not be paying tolls and other taxes and that Government calculations are wrong. I wish to state that these new buses *will* pay tolls and taxes as the Hyderabad concern is paying there. In spite of all that, this concern will bring in about 10 to 15 per cent. Hyderabad is now making an income of 10 per cent. after paying tolls and other charges.

The same remark applies to water transport also. I hope between Trivandrum and Cochin there will be a really efficient water transport for the purpose of transporting the industrial and agricultural products which will come to fruition in the State very soon. That is all I wish to say in regard to the question of transport.

Mr. Rengaswami Aiyar has spoken in great detail about smuggling in the Northern Frontier. I expect the fullest co-operation from all members of this House in the matter of eradicating that very deep-seated and long-standing evil.

In regard to our income-producing departments there has been a certain amount of overlapping and wasting of time and energy. For instance, in the collection of Excise revenue the Excise Officer has to

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proceed to the Revenue Officer for the collection of his revenue. Different departments find it difficult to collect their revenue without the help of the Revenue Department. The result is sometimes lack of harmony and concerted action between the various departments. Government have therefore come to the conclusion that in the matter of the collection of income tax, customs, excise, land revenue etc., the different departments will hereafter work in the co-ordination. A scheme to bring that idea into operation will be shorthy placed before you. In regard to income tax, I am able to tell you that a very senior and experienced official, Mr. M. P. Joseph, will work under Mr. George with the special mandate to look into the question of income tax collection and evasion of payment of income tax. We are going to get an expert from British India for six months to look into the working of our Income Tax Department. British India is facing the same problem as we are facing. They are having the same difficulties. The officer that we are getting has had a large experience in dealing with the measures adopted in British India and we are likely to profit very much from his experience.

There are only two more matters which I wish to refer to. I see that there is some criticism with regard to two of the activities of Government, *viz.*, the Tourists' Department or the State Guests Department and the Game Warden. I dare say we shall all hear a great deal about these two departments in the course of the debates later on. I want to invite your attention to what the Ceylon Government is doing and what practically every European Government is doing. People here are not fully aware that practically all countries in Continental Europe are living on their tourists. In many lands their agriculture and industries have a place not higher than "tourism" in the scheme of national economy. Switzerland, South France, Italy and Germany are largely living on their tourists. Ceylon has started a big scheme for inviting tourists. What we propose to do is more or less on the same lines. In other words we want to make touring a source not only of amusement and relaxation to the tourists but a source of trade and income to ourselves. For that purpose, apart from those guests who come as the guests of His Highness the Maharaja, the visits of the other tourists will be put on a commercial accounting basis. The money spent on them will be put on the debit side and the income derived on the credit side. I am glad to tell you that due to the efforts made and the propoganda initiated by no less exalted personages than their Highnesses, many tourists from all over the world are anxious to come here. We have received enquiries from Messrs. Thos. Cook and Son saying that in October or November there will be many guests visiting Travancore. And other agencies are making similar enquiries. What we propose to do is to divide the Guests Department into two sections, one the State's side or the honorific side, and the other the commercial side which will deal with the ordinary tourists. You will then have no reason to be dissatisfied. The game sanctuary and the show places of Travancore will then be a source of profit to the State.

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Finally I come to the University scheme. As you have seen the University scheme is practically a *fait accompli* and it is hoped that all doubts and anxieties on the part of all institutions will vanish when the matters are fully explained to them and every one in the House will respond to the call that has been made and will see that a complete change of the outlook in education is necessary. The whole of our industrial future is pivoted upon the reorganisation of our education. We cannot solve our agricultural and industrial problems without an intellectual reorientation and a realistic and practical education which will, at the same time, not lose sight of the cultural aspect.

I have done. I am sorry to have been so long but it occurred to me that these topics needed clarification. I thank you for the patience and indulgence with which you have listened to me (*applause*).

The House adjourned at 12.44 P. M.

The Assembly met at 2. P. M. with the President in the Chair.

PRESIDENT : I have very great pleasure in announcing that the Government of His Highness the Maharaja have approved of the election of Mr. T. M. Varughese as the Deputy President of the Assembly.

QUESTIONS & ANSWERS.

Bridge at Aroor.

18 *MR. M. L. JANARDANA PILLAI (*Nominated*) : Will the Government be pleased to state whether there is any proposal before Government for the construction of a bridge at Aroor ?

MR. G. B. E. TRUSCOTT (*Chief Engineer, Roads, Buildings and Irrigatio*) : The question was considered and dropped.

Staff of the Public Service Commissioner.

19 *MR. T. T. KESAVAN SASTRI (*Nominated*) : Will the Government be pleased to lay on the table a statement, by caste, of the staff of the Public Service Commissioner ?

RAO BAHADUR RAJYASEVANIRATA DR. N. KUNJAN PILLAI (*Chief Secretary to Government*) : A statement, by caste, of the staff is laid on the table.

Appointments made by the Public Service Commissioner.

20 *MR. T. T. KESAVAN SASTRI : Will the Government be pleased to lay on the table a statement, by caste, of persons appointed, till now, (17-10-12) by the Public Service Commissioner ?

RAO BAHADUR RAJYASEVANIRATA DR. N. KUNJAN PILLAI: A † statement by community is laid on the table.

Registry of land on concessional terms.

21 *MR. T. T. KESAVAN SASTRI : Will the Government be pleased to state the extent of *puduval* lands in the Todupuzha taluk assigned on concessional registry from Chingam 1108 to Medam 1112 ?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*) : 49·52 acres.

**Vide* appendix I—page 86

†*Vide* appendix II—page 87.

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